

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 IO-10 SAM-01 CIAE-00 DODE-00 PM-03 H-01

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E.O. 11652: N/A

TAGS: ECON EGEN PFOV EG

SUBJECT: REORGANIZATION OF SUPPLY ACTIVITIES

IN HEGAZY CABINET

REF CAIRO 7543

1. WITH ELEVATION OF THEN DEPUTY PRIMIN HEGAZY TO PRIME MINISTER LAST SEPTEMBER (REFTEL), IT WAS OBVIOUS THAT MINISTERIAL CHANGES WHICH TOOK PLACE WERE REFLECTION OF HIGH-LEVEL CONCERN FOR WAVE OF PUBLIC DISSATISFACTION OVER GOVERNMENTAL FAILURES, PRIMARILY SHORTAGES IN SUPPLY OF BASIC FOODS AND COMMODITIES. HEGAZY ANNOUNCED HIS INTENTION TO DEVOTE HIGH PRIORITY TO REORGANIZING RESPONSIBILITIES OF MINISTRIES CONCERNED, IN ORDER REDUCE LIKELIHOOD OF RECURRENCES.

2. FOR SOME TIME THEREAFTER, PRESS DEVOTED CONSIDERABLE ATTENTION TO MANNER IN WHICH THIS WAS TO BE ACCOMPLISHED, QUOTING AND DISCUSSING VARIOUS PROPOSALS THAT WERE PUT FORWARD BY PROMINENT PERSONS INCLUDING HEGAZY AND THE NEW MINISTER OF TRADE, FATHI EL MATBOULY. LATTER, IN EXTENSIVE OCT 3 INTERVIEW TOLD PRESS HOW HE INTENDED TO TAKE OVER, OR AT LEAST HAVE A HEAVY HAND IN, VIRTUALLY EVERYTHING RELATED TO AVAILABILITY OF ALL BASIC NEEDS OF

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POPULATION. HE ALSO DISCUSSED IN SOME DETAIL ROLES AND

FUNCTIONS OF NEW MINISTER OF SUPPLY, MANY OF WHICH HE SAW AS BEING ATTACHED TO HIS OWN MINISTRY. PRIME MINISTER AT ONE POINT MENTIONED TO AMBASSADOR THAT HE INTENDED TO DO "WHAT PAPERS SAID", BUT PROFUSION OF DIFFERING ARTICLES MADE THIS SOMEWHAT AMBIBUOUS.

3. WITH PASSAGE OF TIME, SUBJECT HAS SLIPPED FROM PUBLIC VIEW, AMID DEFINITE INDICATIONS THAT GOE HAS NOT YET DETERMINED HOW PROBLEM CAN BEST BE HANDLED. GIVEN PRESENT ARRANGEMENTS THIS IS NOT HARD TO UNDERSTAND. WHILE DESIRE TO CENTRALIZE BOTH RESPONSIBILITY AND CONTROL IN SINGLE AGENCY IS COMMENDABLE AS WELL AS UNDERSTANDABLE, IT DOES POSE SERIOUS ORGANIZATIONAL PROBLEMS, FOR EXAMPLE IN CASE OF FOOD SUPPLIES.

4. PART OF SUPPLY IS PRODUCED LOCALLY, UNDER MINISTRY OF AGRICULTURE (OR MARINE TRANSPORT IN CASE OF SEAFOOD), AND PART IS IMPORTED, BY TRADE MINISTRY ACTING ON BEHALF OF SUPPLY. PORTIONS OF BOTH ARE PROCESSED, UNDER EITHER INDUSTRY OR SUPPLY DEPENDING ON PRODUCT. DISTRIBUTION IS HANDLED EITHER DIRECTLY BY SUPPLY (COOPERATIVES) OR INDIRECTLY THROUGH THE GENERAL ORGANIZATIONS IN THE CASE OF PRIVATE BUSINESSES. UNDER THESE CIRCUMSTANCES, IT IS DIFFICULT TO FIX RESPONSIBILITY WHEN SHORTAGES DEVELOP. WHICH WAS ONE OF PROBLEMS GOE FACED IN ATTEMPTING TO DEAL WITH RECENT CRISIS, BUT PERHAPS EVEN MORE DIFFICULT TO ATTEMPT TO RESTRUCTURE THE SYSTEM AT THIS PARTICULAR TIME. IN ADDITION TO THE CONFUSION ATTENDANT ON SUCH CHANGES, NEWLY-APPOINTED MINISTERS ARE HIGHLY RESISTANT TO HAVING THEIR ORGANIZATIONS RAIDED JUST AFTER THEY HAVE TAKEN OVER, AS WOULD HAVE HAPPENED TO SUPPLY UNDER PROPOSAL PUT FORWARD BY TRADE.

5. CONVERSATIONS WITH KNOWLEDGEABLE OFFICIALS CONFIRM OUR SUSPICIONS THAT A FAR LONGER AND HARDER LOOK IS BEING TAKEN AT ENTIRE SUBJECT THAN EARLIER REPORTS INDICATED. THERE IS GOOD POSSIBILITY THAT RATHER THAN TAKE ON MAJOR RESTRUCTURING OF PRESENT CUMBERSOME SYSTEM, PRIMARY FOCUS MAY ON IMPROVING COMMUNICATION AND COORDINATION BETWEEN AGENCIES CONCERNED, AND LIMITED OFFICIAL USE

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ENSURING ADEQUATE PLANNING. ABDEL MEGUID, HEGAZY'S CHEF DE CABINET, CITED IMPROVING COMMUNICATION AND COORDINATION AMONG MINISTRIES AS PRIMARY TASK OF PRIME MINISTER'S OFFICE AND HAS EXPANDED HIS OWN OFFICE TO COPE WITH THIS PROBLEM. THERE ARE ALSO SOME INDICATIONS THAT GOE BELIEVES - OR AT LEAST HOPES - THAT ERA OF CRITICAL FOREIGN EXCHANGE SUPPLY, ONE OF MAJOR CONTRIBUTORS TO SHORTAGES, MAY BE OVER.

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